

# **AUDIT COMMITTEE CHARTER SHOP APOTHEKE EUROPE NV**

## **1. Committee Role**

The committee's role is to act on behalf of the supervisory board and oversee all material aspects of the organization's financial reporting, internal control and audit functions.

## **2. Committee Membership**

The committee shall consist of two non-executive board members to be appointed by supervisory board.

Committee members shall have:

- (1) knowledge of the primary activities of the organization;
- (2) the ability to read and understand fundamental financial statements, including a statement of financial position, statement of activities and statement of changes in net assets, statement of cash flows and key performance indicators; and
- (3) the ability to understand key operational and financial risks and related controls and control processes.

## **3. Committee Operating Principles**

The committee shall fulfill its oversight responsibilities within the context of the following overriding principles:

### **Communications**

The chairperson and others on the committee shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other committee chairpersons and other key committee advisors (e.g., external and internal auditors, etc.), as applicable, to strengthen the committee's knowledge of relevant current and prospective organization issues.

### **Objectives and Annual Plan**

The committee, with management, shall develop and participate in a process for review of important topics that present potential significant risk to the organization. The committee, with input from management and other key committee advisors, shall develop an annual plan responsive to the "primary committee responsibilities" detailed herein. The annual plan shall be reviewed and approved by the full supervisory board.

### **Information Needs**

Written materials, including key performance indicators and measures related to key operational and financial risks, shall be received from management, auditors and others at least one week in advance of meeting dates.

### **External Resources**

The committee shall be authorized to access internal and external resources, as the committee requires, in carrying out its responsibilities.

### **Meeting Attendees**

The committee shall request members of management, counsel, and external auditors,

as applicable, to participate in committee meetings, as necessary, to carry out the committee's responsibilities. Periodically, and at least annually, the committee shall meet in private sessions with only the committee members. It shall be understood that meetings between the committee and/or the committee chairperson with external auditors or counsel may, at any time, be deemed necessary, with or without management's attendance. In any case, the committee shall meet in executive sessions separately with external auditors, at least annually.

### **Meeting Frequency**

The committee shall meet at least twice a year. Additional meetings shall be scheduled as considered necessary by the committee or chairperson.

### **Reporting to the Supervisory Board**

The audit committee reports to the supervisory board at least semiannually on its deliberations and findings.

This report includes the following information:

- i. the methods used to assess the effectiveness of the design and operation of the internal risk management and control, inclusive;
- ii. the methods used to assess the effectiveness of the internal and external audit processes;
- iii. material considerations regarding financial reporting;
- iv. the way material risks and uncertainties have been analyzed and discussed, along with a description of the most important findings of the audit committee.

For its reporting the audit committee shall in the beginning of its functioning rely on the reporting deliverables by the external auditor as well.

## **4. Committee Responsibilities**

### **Financial Reporting**

- Discuss, review and assess the annual financial statements with management and the auditors before they are released to the public or filed with funders or regulators.
- Discuss, review and assess the key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditors' views and the basis for audit conclusions.
- Approve changes in important accounting principles and the application thereof in both interim and annual financial reports.
- Advise financial management and external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.

## **Risks and Controls**

The audit committee oversees the company's risk control environment. Besides its own findings, it may also rely on observations made by the external auditor.

- Review and assess the organization's operational and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk.
- Review and assess the organization's system of internal controls for detecting accounting and financial reporting errors, fraud and defalcations, legal and tax code violations, and noncompliance with the organization's code of conduct. In that regard, review the related findings and recommendations of the external auditors, together with management's responses.
- Review with legal counsel any matters that may have a material impact on the financial statements.
- Review the results of the annual audits of directors' and officers' expense accounts and management perquisites prepared by the external auditors.

## **External Auditors**

- Recommend the selection of the external auditors for approval by the supervisory board.
- Instruct the external auditors that they are responsible to the board of directors and the audit committee as representatives of the organization. In that regard, confirm that the external auditors will report all relevant issues to the committee in response to agreed-upon expectations.
- Review the performance of the external auditors.
- Obtain a formal written statement from the external auditors as to their independence.
- Consider, in consultation with the external auditors, their audit scopes and plans to ensure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
- Review requests for any audit-related or permitted non-audit services to be performed by the external auditors, and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
- Review with management and the external auditors the results of the annual audit and related comments in consultation with other committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgments.
- Provide a medium for the external auditors to discuss with the audit committee their judgments about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the organization.
- Discuss significant findings of the audit including:
  - Critical accounting policies and practices used by the organization

- Alternative accounting treatments within generally accepted accounting principles related to material items that have been discussed with management
  - Other material written communications between the accounting firm and management (e.g., management representation letters, engagement letters, etc.)
- Review with the external auditors the audit firm's quality control policies and procedures and any material issues raised by the most recent internal quality control review of the firm.